

**Mortgage Fraud  
Operation Stolen Dreams  
United States Attorney's Office  
District of Oregon  
June 17, 2010**

*State v. Julian James Ruiz, III*, 09C48335, 09C51758 (forgery), 09C51759 (tax)

Age 39

City of Residence: Salem, Oregon

Involvement: Mortgage broker

Charges: Aggravated Theft; Aggravated Identity Theft; Mortgage Fraud; Forgery in the First Degree; Income Tax Evasion; violating the Mortgage Rescue Fraud Protection Act (formerly House Bill 3630 ) totaling 39 counts across 3 indictments.

Summary: Mortgage broker Julian James Ruiz III stole his former clients' identities and provided false information to obtain fraudulent home loans. He also forged documents relating to illegal loan modification services, and illegally collected advance fees for foreclosure consultant activity. Ruiz collected about \$2500 - \$3500 on 100+ loan modifications, totaling more than \$300,000 in illegally collected advance fees

Case status: March 19, 2010, Ruiz was sentenced to 61 months in prison, ordered to pay \$496,500 in restitution to more than 100 victims and was stripped of his mortgage license and permanently barred from working in the industry.

Victims: Federal National Mortgage Association, Argent Mortgage, --individual victims too numerous to list.

Number of Loans Charged: 3 home loans, 100+ loan modifications

House #1: \$373,683

House #2: \$417,000

House #3: \$520,000 (with co-defendant Michael Dyer)

Loan Total: \$1,310,863

Loss: Loans unknown, but illegal advance fees exceed \$300,00

AAG Simon Whang / Oregon DOJ, DFCS, Oregon Department of Revenue, Salem Police Department, Marion County District Attorney's Office

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*State v. Dyer, Michael Troy*, 09C48334

Age 46

City of Residence: Salem, Oregon

Charges: 2 counts of Mortgage Fraud

Involvement: Borrower

Summary: Dyer misrepresented his financial status in a mortgage application.

Case Status: May 5, 2010 - Dyer plead guilty to 2 counts of Mortgage Fraud in the Marion County case.  
May 7, 2010 - Dyer plead guilty to Manufacture and Possession of Marijuana, both as commercial drug offenses, in a Polk County case.  
Sentencing set for July 16, 2010

Loans charged: one

Victim or victims: Argent Mortgage

Total dollar amount of loans involved: \$520,000 (with co-defendant Ruiz)

Loss: Unknown

AAG Simon Whang / Oregon DOJ, DFCS, Oregon Department of Revenue, Salem Police Department, Marion County District Attorney's Office, Polk County Police Department

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***U.S. v. Jacob Adam Shoop***, 10-CR-167

Age: 28

City of Residence: Hillsboro, Oregon

Involvement: borrower

Charges: Bank Fraud 18 U.S.C. § 1344

Involvement: It is alleged that Shoop was a straw borrower who submitted a false loan application for a mortgage on property located in Portland. The application resulted in the funding of a mortgage in the amount of \$559,920.

Status: Information filed April 30, 2010; arraignment & change of plea hearing June 16, 2010

Number of Loans Charged: one

Loan total: \$559,920

Victims: American Mortgage Network, Inc. a subsidiary of Wachovia Bank.

Loss: to be determined

AUSA Craig Gabriel / FBI

**Mortgage Fraud  
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***U.S. v. Riki David Shoop***, 10-CR-176

Age: 55

City of Residence: Hillsboro, Oregon

Involvement: borrower

Charges: Bank Fraud 18 U.S.C. § 1344

Involvement: It is alleged that Shoop was a straw borrower who submitted a false loan application for a mortgage on property located in Portland. The application resulted in the funding of a mortgage in the amount of \$92,985.

Status: Pled guilty May 18, 2010; Sentencing August 9, 2010

Number of Loans Charged: one

Loan totals: \$92,985

Victims: Countrywide Bank

Loss: to be determined

AUSA Craig Gabriel / FBI

**Mortgage Fraud  
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***U.S. v. Sherrie J. Inouye***, 10-CR-215

Age: 55

City of Residence: Beaverton, Oregon

Involvement: borrower

Charges: Bank Fraud 18 U.S.C. § 1344

Involvement: It is alleged that Inouye was a straw borrower who submitted a false loan application for a mortgage on property located in Portland. The application resulted in the funding of a mortgage in the amount of \$150,000.

Status: Information filed May 28, 2010

Number of Loans Charged: one

Loan totals: \$150,000

Victims: Countrywide Bank

Loss: to be determined

AUSA Craig Gabriel / FBI

**Mortgage Fraud  
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*U.S. v. Don Kaslauskas*, 10-CR-235

Age: 43

City of Residence: Gaston, Oregon

Involvement: recruited straw borrowers

Charges: Bank Fraud 18 U.S.C. § 1344)

Involvement: It is alleged that Kazlauskas assisted a straw borrower who submitted a false loan application for a mortgage on property located in Portland. The application resulted in the funding of a mortgage in the amount of \$559,920.

Status: Information filed June 9, 2010

Number of Loans Charged: one

Loan totals: \$559,920

Victims: American Mortgage Network, Inc. a subsidiary of Wachovia Bank.

Loss: to be determined

AUSA Craig Gabriel / FBI

**Mortgage Fraud  
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***U.S. v. Morton Bohn***, 09-CR-114

Age: 69

City of Residence: Tigard, Oregon

Involvement: borrower, CPA

Charges: Bank Fraud and Money Laundering 18 U.S.C. § §1344 and 1957

Summary: Bohn, a former Certified Public Accountant whose license was suspended by the Oregon Board of Accountancy, previously pled guilty in a scheme to defraud Countrywide Financial Corporation (“Countrywide”) and Silver Falls Bank. Bohn used his financial expertise as an accountant to defraud Countrywide and Silver Falls Bank of funds by fabricating and submitting fraudulent individual income tax returns, between the years of 2003 and 2007, to his mortgage broker in support of applications to the financial institutions. The Silver Falls Bank has since been closed by the Federal Deposit Insurance Corporation (FDIC).

Status: Sentenced April 6, 2010 to 12 months & 1 day in prison

Number of Loans Charged: two

Loan total: \$763,200

Losses: \$288,000

AUSA Craig Gabriel / IRS

**Mortgage Fraud  
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Oregon Attorney General  
Oregon Department of Justice  
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***U.S. v. Matthew John Morrell***, 10-CR-257

Age: 43

City of Residence: Gresham, Oregon

Involvement: borrower

Charges: False Statements to Financial Institution 18 U.S.C. § 1014

Summary: It is alleged that Morrell provided a forged financial statement to Columbia Community Bank in support of residential construction loans totaling \$4.4 million.

Case Status: Information filed June 15, 2010.

Number of Loans Charged: one

Loan total: in excess of \$4.4 million

Victims: Columbia Community Bank

Total Loss: to be determined

AUSA Lance Caldwell / FBI

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Oregon Attorney General  
Oregon Department of Justice  
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***U.S. v. Joseph Bradley Paradiso*** 10-CR-255

Age: 36

City of Residence: Canby, Oregon

Involvement: operated real estate rent-to-own business

Charges: Wire Fraud 18 U.S.C. § 1343

Summary: It is alleged that Paradiso solicited potential real estate purchasers for a rent-to-own program. He falsely represented that he had investors to purchase homes selected by the customers who would then rent the homes until they were able to purchase them from the investor. Paradiso charged an advance fee-for-service. Paradiso did not have investors, spent the collected fees for personal and business expenses and never purchased a single property for any customer.

Case Status: Information filed on June 15, 2010

Number of Loans Charged: Not applicable

Loan total: Not applicable

Victims: various individuals

Loss :to be determined

AUSA Lance Caldwell / FBI

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***U.S. v. Jeffrey Schlabowske***, 10-CR-256-MO

Age: 46

City of Residence: Canby, Oregon

Involvement: participated in real estate rent-to-own business

Charges: Wire Fraud 18 U.S.C. § 1343

Summary: It is alleged that Schlabowske solicited potential real estate purchasers for a rent-to-own program. He falsely represented that he had investors to purchase homes selected by the customers who would then rent the homes until they were able to purchase them from the investor. Schlabowske charged an advance fee-for-service. Schlabowske did not have investors, spent the collected fees for personal and business expenses and never purchased a single property for any customer.

Case Status: Information filed June 15, 2010

Number of Loans Charged: not applicable

Loan total: not applicable

Victims: various individuals

Loss: to be determined

AUSA Lance Caldwell / FBI

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***U.S. v. Jeremy Richardson***, 08-CR-249

Age: 33

City of Residence: Vancouver, Washington

Involvement: operated a real estate investment business

Charges: Money Laundering 18 U.S.C. § 1957

Summary: Richardson advertised and solicited persons interested in buying real estate, either to live in or as an investment. If an investor was not able to qualify for the necessary mortgage financing, Richardson would falsify the buyer/investor qualifications and information provided to the lender. If the home was being purchased as an investment, Richardson would advertise for persons interested in participating in a “rent to own” program to live in the home purchased by the investor. Richardson inflated the property transaction price on certain transactions in order to get extra money to use to pay business expenses, including required mortgage payments on purchased real estate. He created false invoices purporting to represent repairs performed on certain properties in support of the falsely inflated prices. He also induced some customers to advance him money which he represented would be used to make a down payment on certain properties, but which he instead used to pay personal and business expenses. Richardson’s scheme involved real estate financing transactions on as many as 90-100 residential properties.

Case Status: Sentenced April 27, 2010, to 37 months in prison, three years of supervised release, ordered to pay more than \$496,000 to individuals and title companies

Number of Loans Involved: approximately 100

Loan total: in excess of \$20 million

Victims: multiple lenders, title companies and individuals

Loss: estimated to be several million dollars

AUSA Lance Caldwell / FBI, IRS, Oregon Division of Finance and Corporate Security (DFCS)

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Lighthouse Financial Group Investigation

***U.S. v. Joel Rosabal and Chad Amsden***, 10-CR-195

Age: Both are 31

City of Residence: Rosabal - Happy Valley, Oregon; Amsden - Portland, Oregon

Involvement - The indictment alleges that defendants were loan officers at Lighthouse who negotiated cash back for buyers or themselves by making material misrepresentations to lenders about the sales price, the borrower's income, the borrower's assets and other material statements.

Charges: Conspiracy to Commit Wire and Mail Fraud, Wire Fraud, Mail Fraud and Money Laundering 18 U.S.C. §§ 1349, 1341, 1343, 1957.

Status: Indicted May 18, 2010, Trial is set to begin on July 20, 2010

Number of Loans Charged: six

Loan totals: \$3,022,777.73

Victims: The lenders were mortgage companies all of whom are no longer in business - First Franklin Corporation, Decision One Mortgage, Hyperion Capital, Millennium Funding and Ace Mortgage

Loss: to be determined

AUSA Michelle Kerin / IRS, U.S. Postal Service

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Lighthouse Financial Group Investigation

**U.S. v. Chad Amsden, Tim Hills, Misti Wallis, Gerald Wallis and Jo Schermerhorn**  
10-CR-196

Age and City of Residence: Amsden (31) Portland, Oregon; Hills (30) Tigard, Oregon;  
M. Wallis (32) Oregon City, Oregon; G. Wallis (40) Oregon City, Oregon; Schermerhorn (50)  
Portland, Oregon

Involvement: M. Wallis, licensed realtor; G. Wallis, unlicensed building contractor; Amsden,  
licensed mortgage broker; Hills, licensed mortgage broker, Schermerhorn, licensed tax preparer  
and licensed mortgage broker

Charges: Conspiracy to Commit Wire Fraud, Wire Fraud, False Statements to a Bank and  
Money Laundering 18 U.S.C. § 1349, 1343, 1957, 1014.

Summary: The indictment alleges defendants M. Wallis and G. Wallis used a straw purchaser to  
purchase a home. M. Wallis acted as the realtor. Amsden and Hills made a false representation  
regarding the straw purchaser's income and assets. Schermerhorn prepared a false letter to the  
lender which stated that she had reviewed the straw purchaser's tax returns to verify  
self-employment income. G. Wallis falsified construction documents.

Status: Indicted May 18, 2010

Number of Loans: one loan

Loan total: over \$1.4 million

Victims: Washington Mutual Bank (now Chase)

Loss: to be determined

AUSA Michelle Kerin / IRS and U.S. Postal Service

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***U.S. v. Josh Hall and David VanBeenen*** 10-CR-229

Ages: both are 34

City of Residence: Hall - Portland, Oregon; Van Beenen - Vancouver, WA

Involvement: investors

Charges: Bank Fraud and False Statement to a Bank 18 U.S.C. §§ 1344 and 1014

Summary: The indictment alleges that VanBeenan and Hall operated a business investing in real property. They recruited a straw purchasers to purchase three properties, and made false statements in the loan applications.

Status: Indicted June 2, 2010, arraignment June 16, 2010

Number of Loans: three

Loan total: \$652,500

Victims: Wells Fargo

Loss: to be determined

AUSA Michelle Kerin / FBI

**Mortgage Fraud  
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***U.S. v. Malivanh Ranes-Philliber***, 10-CR-243

Age: 39

City of Residence: Portland, Oregon

Involvement: borrower

Charges: False Statements to a Financial Institution, Aggravated Identity Theft (18 U.S.C. §§ 1014, 1028A)

Summary: It is alleged that Ranes applied for a home equity line of credit with Bank of America, and credit cards with Bank of America and other banks, using a stolen identity.

Status: Indicted June 9, 2010, arraignment scheduled for August 2010.

Victims: Bank of America, Chase, Washington Mutual (now Chase), individual

Number of loans: 1 home equity line of credit (HELOC) and 3 credit cards

Dollar amount of loan: \$71,000

Loss: to be determined

AUSA Stacie Beckerman / FBI

**Mortgage Fraud  
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***U.S. v. Richard Bonner***, 10-CR-157

Age: 39

City of Residence: Portland, Oregon

Involvement: broker

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: It is alleged that, while acting as a mortgage broker, Bonner knowingly prepared a mortgage loan application for a borrower that contained false financial qualification information.

Case status: Indicted April 20, 2010

Number of Loans charged: one

Loan total: \$120,000

Victim: Citi Mortgage

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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***U.S. v. Michael Han***, 09-CR-246

Age: 25

City of Residence: Portland, Oregon

Involvement: broker

Charge: Bank Fraud 18 § 1344

Summary: While acting as a mortgage broker at TTM Finance, Han knowingly prepared a mortgage loan application for a borrower that contained false financial qualification information.

Case status: Sentenced on April 6, 2010 to three years supervised release

Number of Loans charged: one

Loan total: \$260,000

Victim: First Franklin Financial

Loss: None

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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***U.S. v. Lester Kasprowicz***, 09-CR-381

Age: 59

City of Residence: Clackamas, Oregon

Involvement: borrower

Charge: False Statements 18 U.S.C. § 1014

Summary: The indictment alleges that, while applying for a home equity line of credit (HELOC) loan, Kasprowicz knowingly signed a loan application that contained false financial qualification information

Case status: Indicted March 24, 2010; Trial scheduled to begin July 13, 2010

Number of Loans charged: one

Loan total: \$170,000

Victim: West Coast Bank

Loss: to be determined

AUSA Scott Asphaug / IRS / Department of Transportation

**Mortgage Fraud  
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United States Attorney's Office  
District of Oregon  
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***U.S. v. Konstantine Kostenko***, 10-CR-227

Age: 56

City of Residence: Gold Hill, Oregon

Involvement: borrower/investor

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: The indictment alleges that, while acting as a borrower/investor, Kostenko knowingly signed a mortgage loan application that contained false financial qualification information.

Case status: Indicted June 2, 2010; Scheduled for arraignment July 6, 2010

Number of Loans charged: one

Loan total: approximately \$1.3 million

Victim: Bank of America

Loss: to be determined

AUSA Scott Asphaug / FBI / Oregon Division of Finance and Corporate Securities (DFCS)

**Mortgage Fraud  
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United States Attorney's Office  
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***U.S. v. Chih-Hao Huang***, 10-CR-228

Age: 32

City of Residence: Vancouver, Washington

Involvement: borrower/investor

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: The indictment alleges that while acting as a borrower/investor, Huang, knowingly signed a mortgage loan application that contained false financial qualification information and provided for a kickback outside of closing.

Case status: Indicted June 2, 2010

Number of Loans charged: one

Loan total: \$1,450,000

Victim: Bank of America

Loss: to be determined

AUSA Scott Asphaug / FBI / Oregon Division of Finance and Corporate Securities (DFCS)

**Mortgage Fraud  
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United States Attorney's Office  
District of Oregon  
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*U.S. v. Chang Gua Lee*, 10-CR-175

Age: 52

City of Residence: Happy Valley, Oregon

Involvement: borrower/investor

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: The indictment alleges that, while acting as a borrower/investor, Lee knowingly prepared and signed a mortgage loan application that contained false financial qualification information.

Case status: Indicted May 4, 2010

Number of Loans charged: one

Loan total: \$523,000

Victim: Countrywide Bank

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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United States Attorney's Office  
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***U.S. v. Nicholas Cooper***, 10-CR-225-01

Age: 27

City of Residence: Wilsonville, Oregon

Involvement: borrower/investor

Charge: Wire Fraud 18 U.S.C. § 1343

Summary: The indictment alleges that, while employed at Richardson Equities, Cooper knowingly prepared a mortgage loan application for himself that contained false financial qualification information and provided for a kickback outside of closing.

Case status: Indicted June 3, 2010; Arraignment June 16, 2010

Number of Loans charged: one

Loan total: \$185,000

Victim: First Magnus Financial

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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United States Attorney's Office  
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***U.S. v. Tyler Marsten***, 10-CR-226

Age: 31

City of Residence: Broken Arrow, Oklahoma

Involvement: mortgage broker

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: The indictment alleges that, while employed at New Outlook Financial Group, Marsten knowingly prepared a mortgage loan application on behalf of a borrower that contained false financial qualification information.

Case status: Indicted June 3, 2010; Arraignment scheduled for June 25, 2010

Number of Loans charged: one

Loan total: \$204,000

Victim: Lehman Brothers Bank

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
Operation Stolen Dreams  
United States Attorney's Office  
District of Oregon  
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***U.S. v. Andrew Shute***, 10-CR-224

Age: 31

City of Residence: Issaquah, Washington

Involvement: mortgage broker

Charge: Wire Fraud 18 U.S.C. § 1343

Summary: The indictment alleges that, while employed at Loan Network, Shute knowingly prepared a mortgage loan application that contained false financial qualification information.

Case status: Indicted June 3, 2010; Arraignment 6-16-10

Number of Loans charged: one

Loan total: \$249,000

Victim: Homecomings Financial Network

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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***U.S. v. Jennifer Venable***, 10-CR-225-02

Age: 28

City of Residence: Portland, Oregon

Involvement: real estate agent

Charge: Wire Fraud 18 U.S.C. § 1343

Summary: The indictment alleges that, while employed at John L. Scott Realty, Venable knowingly facilitated a mortgage loan on behalf of a borrower that provided for a kickback to the borrower outside of closing.

Case status: Indicted June 3, 2010; Arraignment June 16, 2010

Number of Loans charged: one

Loan total: \$185,000

Victim: First Magnus Financial

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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United States Attorney's Office  
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*U.S. v. Nikolai Rzegocki*, 10-CR-254

Age: 35

City of Residence: Portland, Oregon

Involvement: borrower/investor

Charge: Wire Fraud 18 U.S.C. § 1343

Summary: It is alleged that Rzegocki knowingly a mortgage loan application that contained false financial qualification information.

Case status: Information filed June 15, 2010 Arraignment scheduled for June 17, 2010

Number of Loans charged: one

Loan total: unknown

Victim: Sun Trust Mortgage

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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United States Attorney's Office  
District of Oregon  
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***U.S. v. Jennifer Rzegocki***, 10-CR-270

Age: 36

City of Residence: Portland, Oregon

Involvement: borrower/investor

Charge: Wire Fraud 18 U.S.C § 1343

Summary: It is alleged that Rzegocki knowingly a mortgage loan application that contained false financial qualification information.

Case status: Information filed June 16, 2010; Arraignment scheduled for July 6, 2010

Number of Loans to be charged: one

Loan total: unknown

Victim: Aegis Wholesale Corporation

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
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United States Attorney's Office  
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***U.S. v. Beau Thomas***, 10-CR-269

Age: 37

City of Residence: Milwaukie, Oregon

Involvement: mortgage broker

Charge: Bank Fraud 18 U.S.C. § 1344

Summary: It is alleged that, while employed at Pacific Northwest Mortgage, Thomas knowingly prepared a mortgage loan application for a borrower that contained false financial qualification information.

Case status: Information filed June 16, 2010

Number of Loans charged: one

Loan total: \$773,000

Victim: Sun Trust Bank

Loss: to be determined

AUSA Scott Asphaug / FBI

**Mortgage Fraud  
Operation Stolen Dreams  
Oregon Attorney General  
Oregon Department of Justice  
June 17, 2010**

Desert Sun Development (DSD) Investigation

***U.S. v. Tyler Fitzsimons, Shannon Egeland, Jeremy Kendall, and John Partin,***  
09-CR-60165

Age and City of Residence: Fitzsimons (31) Prineville, Oregon; Egeland (35) LaGrande, Oregon, Kendall (33) Redmond, Oregon; Partin (65) Bend, Oregon

Involvement and Summary: The indictment alleges that Fitzsimons, Egeland and Kendall were the president, vice-president and office manager, respectively, for DSD, a development and construction company located in Bend, Oregon. They sought construction financing for five commercial buildings in Bend and Redmond, Oregon which were never built. As part of the scheme, the defendants are alleged to have made representations that construction was underway, when it was not. John Partin, owner of Advance Steel in Bend, is alleged to have issued false invoices for steel building kits for the non-existent buildings.

Charges: Conspiracy to Commit Bank Fraud and Loan Application Fraud, Bank Fraud, Loan Application Fraud, Money Laundering; Forfeiture Allegations 18 U.S.C. §§ 2, 371, 1014, 1344, 1957

Case Status: Indicted November 19, 2009. Egeland and Kendall pled guilty June 15, 2010. Fitzsimons and Partin are scheduled for trial May 2011.

Number of Loans Charged: six

Loan Total: approximately \$25 million

Victims: Umpqua Bank, Community First Bank, Liberty Bank, US Bank, First Horizon Home Loan Corporation, a division of First Tennessee Bank, Mid-Oregon Federal Credit Union

Loss: to be determined

AUSA Scott Bradford / FBI, IRS, Oregon Division of Finance and Corporate Securities (DFCS)

**Mortgage Fraud  
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Oregon Attorney General  
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Desert Sun Development (DSD) Investigation

***U.S. v. Tyler Fitzsimons, Shannon Egeland, Jeremy Kendall, Garret Towne, Shaun Little, Del Barber, Jr., Jeffrey Sprague, Barbara Hotchkiss and Kevin Palotay, 09-CR-60167***

Age and City of Residence: Fitzsimons (31) Prineville, Oregon; Egeland (35) LaGrande, Oregon, Kendall (33) Redmond, Oregon; Towne (29) Culver, Oregon; Little (41) Bend, Oregon; Barber (44) Bend, Oregon; Sprague (46) Bend, Oregon; Hotchkiss (40) Redmond, Oregon; Palotay (46) Bend

Charges: Conspiracy to Commit Bank Fraud and Loan Application Fraud, Bank Fraud, Loan Application Fraud, and Wire Fraud 18 U.S.C. §§ 2, 371, 1014, 1343, 1344

Involvement and Summary: The indictment alleges that DSD employees Fitzsimons, Egeland, Kendall and Towne schemed to provide false statements to financial institutions to finance the purchase or construction of residential properties. The allegations include that defendants inflated applicant's income and temporarily parked DSD funds in the applicant's accounts to obtain false proof that the borrowers had independent funds available to them. The two mortgage brokers, Little and Barber, the loan officer, Sprague, and loan processor, Hotchkiss, are alleged to have assisted in preparing and approving false loan applications, causing them to be sent to financial institutions. Finally, Palotay, a building materials supplier, is alleged to have provided a false invoice to create the false appearance that DSD had purchased construction materials.

Case Status: Indicted November 19, 2009; Fitzsimons, Towne, Little, Sprague, Hotchkiss and Palotay are scheduled for trial May 2011.

Barber pled guilty on June 15, 2010, to conspiracy to commit bank fraud. He admitted to preparing and submitting a false loan application to a lending institution. The fraudulent loan application was for a DSD employee trying to buy a DSD-built home.

Egeland pled guilty on June 15, 2010, to conspiracy to commit bank fraud and bank fraud. He admitted to temporarily depositing funds into several DSD employees' bank accounts to temporarily inflate their account balances, which helped them falsely qualify for loans to buy DSD-built homes. He further admitted to doing the same thing to his own bank account with DSD and signing a fraudulent loan application to falsely qualify for a \$1.9 million loan to build his 20,000 square-foot home in Powell Butte, Oregon.

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Kendall pled guilty on June 15, 2010, to two counts of conspiracy to commit bank fraud and two counts of bank fraud. He admitted to creating and submitting fraudulent documents to various financial institutions to gain financing for various DSD projects. Kendall was involved in at least five DSD projects where DSD obtained financing, submitted draw requests, and received approximately \$4.2 million in loan proceeds but completed no substantive construction. He further admitted to temporarily inflating bank accounts, including his own, for individuals seeking loans to buy homes built by DSD.

Status Hearing December 13, 2010, for Egeland, Kendall and Barber

Number of Loans Charged: 12

Loan Total: approximately \$16 million

Victims: National City Bank, West Coast Bank, Community First Bank, Columbia River Bank, Countrywide, Wells Fargo Bank

Loss: to be determined

AUSA Scott Bradford / FBI, IRS, Oregon Division of Finance and Corporate Securities (DFCS)

**Mortgage Fraud  
Operation Stolen Dreams  
Oregon Attorney General  
Oregon Department of Justice  
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Desert Sun Development (DSD) Investigation

***U.S. v. Robert Morely Brink***, 09-CR-60166

Age: 58

City of Residence: Junction City, Oregon

Involvement: construction loan officer

Charges: False Statement to a Financial Institution 18 U.S.C. § 1014

Summary: Brink is made false statements to Umpqua Bank regarding DSD's construction loans. Brink was a building inspector for Umpqua Bank and filed false inspection reports for two of DSD's commercial projects, certifying to the Bank that construction was underway, when in fact no construction had occurred.

Case Status: Brink pled guilty June 15, 2010, Status Hearing December 13, 2010

Number of Loans Charged: No loans were charged, rather he was charged for submitting false inspection reports for two buildings/two loans that DSD had.

Loan Total: no loans

Victims: Umpqua Bank

Loss : to be determined

AUSA Scott Bradford / FBI, IRS, Oregon Division of Finance and Corporate Securities (DFCS)

**Mortgage Fraud  
Operation Stolen Dreams  
Oregon Attorney General  
Oregon Department of Justice  
June 17, 2010**

Desert Sun Development (DSD) Investigation

*U.S. v. Teresa Ausbrooks*, 09-CR-60169

Age: 47

City of Residence: Bend, Oregon

Involvement: borrower

Charges: False Statement on a Loan Application and Bank Fraud 18 U.S.C. §§ 2, 1014, 1344

Summary: Ausbrooks admitted to making false statements relating to her income and debts in applications to finance the construction of two homes, including one to be built by DSD.

Case Status: Pled guilty June 15, 2010, to two counts of bank fraud; Status Hearing  
December 13, 2010

Number of Loans Charged: two

Loan Total: approximately \$736,930

Victims: Columbia River Bank

Loss: to be determined

AUSA Scott Bradford / FBI, IRS, Oregon Division of Finance and Corporate Securities (DFCS)